



# Pick of the week

## United Spirits Ltd (UNSP)

Recommendation: **ADD**

Date: **17<sup>th</sup> October 2022**

Current Price: ₹**824**

Time Period: **12 Months**

Potential Upside: **8.1%**

Target Price: ₹**890**

### Why Invest

- Diageo and Pernod Ricard's phased removal of mono cartons across markets.
- United Spirits would implement this initiative in a phased manner.
- Elimination of mono cartons can result in cost savings of about Rs150 cr.
- For UNSP there is Operating Profit upside of 9%/7% FY24/25E.
- We do not expect any dilution in brand equity.
- Also these measures are cost-effective & help in reducing the carbon footprint.
- Divestment of select Popular brands accelerate UNSP's premiumization journey.
- We expect earnings to grow by 0.9% in FY23E & by 21.7% in FY24E.
- Recommend ADD with FV of Rs890; it implies Rs110/share (Rs80 bn) for the IPL franchise and 44X September 2024E PE for the Alcobev segment (packaging cost savings not baked in).